



FIRSTRAND



United Nations Global Compact Communication on Progress

Financial Year 2008

EXECUTIVE STATEMENT OF COMMITMENT TO UN GLOBAL COMPACT

The FirstRand Group continues to strive for the highest possible standards in good corporate citizenship and reporting in respect of sustainable business practices. We recognise that we have a duty of responsibility that extends to our many stakeholders. These include our shareholders, customers, employees, suppliers, government and regulators, and the environment and the communities in which we operate.

FirstRand Ltd is one of South Africa's largest financial institutions, employing thousands of people, contributing millions of Rands in Corporate Social Investment, and financing and insuring all sectors of society from previously unbanked, uninsured individuals to some of South Africa's largest commercial and industrial companies.

In our ten years of operations, we have grown our business by never diverting from our goal of seeking to satisfy the needs of all our stakeholders. We are conscious of our role as an employer, financier and corporate citizen in adding value to society, not destroying it. The 2008 financial year has been a challenging one for global markets, and while South African banks remain relatively safe and well-protected, the economic downturn of the global market continues to be experienced at all levels of the broader economy, and amongst our stakeholders.

At times such as these, having a sustainable mindset and a long term view are critical. Ensuring economic equity and helping address social development needs in emerging country markets remains fundamental in spite of (and perhaps because of) the economic downturn. It is also important to be mindful of the potential impact of climate change, despite a marked increase in attention to economic and social issues.

Motivated by our objective to fulfil our obligations beyond the current generation, our commitment to sustainable business practices is embodied in the FirstRand Business Philosophy. This Philosophy is the compass for expected and acceptable business practices, identifying that all business units are to clearly understand and monitor amongst others, the social and environmental implications of all actions. We are the first to acknowledge the scope of our responsibilities, but inaction is not an option. The scale of global challenges requires multiple partnerships at all levels, and one that we embrace in our business. We are therefore proud to note our status as a signatory to the UN Global Compact.

This Communication of Progress provides an abridged and partial view into how we acknowledge and implement the ten Principles in our business. This report is substantively complemented by the Group Annual Sustainability Reports, located at www.firstRANDSUSTAIN.CO.ZA

P. K. Harris

November 2008, Paul K. Harris, Chief Executive Officer, FirstRand

SCOPE OF RESPONSE

This response pertains to FirstRand Limited and its major operating divisions and subsidiaries, including First National Bank (FNB), Rand Merchant Bank (RMB), WesBank, Momentum, and OUTsurance. Although our operations in Botswana, Lesotho, Namibia, and Swaziland are reported on separately as indicated by the URL below, these operations are part of FNB. However, due to the varying nature and operating context of these operations, we believe a separate account of their sustainability imperatives is warranted. These operations are therefore also included in the scope of response below.

Our other international operations are either recent or not material enough in size and scope to warrant detailed sustainability reporting at this stage.

For the purposes of this COP, we present a very condensed response primarily based on our activities over the last financial year. **Please visit www.firstrandsustain.co.za, which will provide substantive detail to the brief commentary indicated below, for the period from 2004 to 2008.** We specifically reference the detailed sustainability reports for 2008. The sub-sections titled "Our progress" will provide more information in respect of our activities.

VERIFICATION

Our 2006, 2007 and 2008 sustainability reports have been subject to the oversight of our Internal Audit unit, and auditor statements are to be found in the reports as indicated by the URL above. The 2008 sustainability reports produced by FNB and Momentum have further been subjected to a stakeholder review.

The review statements and recommendations of the verification process may be located in the section "Assurance Statement" in the detailed sustainability reports of each of the operating divisions and subsidiaries listed above.

INTEGRATION OF COP INTO ANNUAL SUSTAINABILITY REPORTS

With effect from our reporting period (Financial Year) 2008, the Global Compact COP has been integrated in our sustainability reporting via a cross-referencing process in the Reporting Standards index located on page 18 of the FirstRand Abridged Sustainability Report, and page 70 of the FirstRand Annual Financial Statements. The sustainability report is published on www.firstrandsustain.co.za and the Annual Report on www.firstrand.co.za

COP reports are published on www.firstrandsustain.co.za in addition to www.unglobalcompact.org

For the purposes of avoiding duplication, only brief summary responses are provided in this COP.

CHANGE IN COP REPORTING CYCLE

We have elected to change our COP reporting cycle to coincide with our annual financial year ending 30 June. Previous COP reports were due in May of each year, and will now be produced in November of each year, to coincide with the release of our 2008 Annual Financial Report and Group Sustainability Reports.

COP REPORT DATA

Date: November 2008

COP Version: 2

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	Global Compact Principle	Summary of Action Taken
<input type="checkbox"/>	<p>1: Businesses should support and respect the protection of internationally proclaimed human rights;</p>	<p>For FirstRand, this comprises the following elements:</p> <ol style="list-style-type: none"> 1. Respecting the rights of our employees, customers, and contractors working on our premises. A summary of actions include: <ol style="list-style-type: none"> i. Ensuring fair, equitable access to opportunities, personal development and workplace participation through the implementation of the Financial Sector Charter and/ or Black Economic Empowerment (BEE) transformation principles, our Diversity Policy, our Code of Ethics addressing, inter alia, non-discrimination, and the Employment Equity Act ii. Ensuring responsible business behaviour through products offered and risk management and governance iii. Ensuring human rights and freedom of association are supported via a collaborative, mature and constructive relationship with the recognised finance union. Early in 2007 we were one of 11 Johannesburg Stock Exchange listed companies that the Community Growth Fund (CGF) award, a unit trust with almost R2.5 billion (\$357m) invested in. The Fund focused on 36 listed companies that meet eight socially responsible criteria. The CGF sources its funds from eight of the country's largest trade unions iv. Ensuring that our practices pass scrutiny in order to remain a listed entity on the JSE Socially Responsible Index (SRI) 2. Respecting the rights of the communities we engage with, via our project financing or lending activities. A summary of our actions include: <ol style="list-style-type: none"> v. Encompassing social and environmental implications in the Group Business Philosophy, Ethos and Modus Operandi Statement, which remains the compass for expected behaviour across the Group vi. Setting out the "non-negotiables" of the Group's Sustainable Business Practices (as indicated in the FirstRand Abridged Report for 2008) vii. Undertaking UNEP Finance Industry training and education on Environmental and Social Risk Analysis, to inform our development and update of appropriate standards of conduct and practice, particularly in lending operations viii. Maintaining a risk policy aligned to the Equator Principles ix. Where required in terms of project lending activities, we request the undertaking of an Environmental Impact Assessment. 3. Respecting the rights of the communities we engage with via our Corporate Social Investment. A summary of actions include: <ol style="list-style-type: none"> x. Commencing a process of Monitoring and Evaluating our financial contributions via the various FirstRand Foundations 2 years ago, to determine the experience of beneficiaries, understand how to evaluate our impact on beneficiary organisations, identify successes and opportunities for improvement, and ensure efficacy and sustainability of our grant-making xi. When entering or substantially increasing support to specific community sectors, initially commissioning research to understand the issues and requirements and ensure the efficacy of support, rather than presuming

	Global Compact Principle	Summary of Action Taken
		<p>xii. to determine what is best for communities Our community support is programmatic, ensuring long-term support in the sectors of, inter alia, HIV/ Aids, Community Care, Disability, Education, the Environment, Safe Communities, Sustainable Livelihoods and Job Creation, Arts, Culture and Heritage, and the Environment, Policy Formulation, Business Trust/ Skills Development, and Heartlines/ Social Values</p> <p>xiii. Entrenching a culture of community volunteerism amongst staff, with approximately 25% of fulltime staff engaged in volunteering activity in communities</p>
<input type="checkbox"/>	2: and make sure that they are not complicit in human rights abuses.	See 1 above
<input type="checkbox"/>	3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	See 1 above
<input type="checkbox"/>	4: the elimination of all forms of forced and compulsory labour;	See 1 above
<input type="checkbox"/>	5: the effective abolition of child labour;	While less applicable to the nature of our business (tertiary services), we are nevertheless aware that globally suppliers and customers may engage in such practices. We are guided by our Group Philosophy, values, Code of Ethics and similar mechanisms to ensure we continue to operate in an ethical, responsible manner.
<input type="checkbox"/>	6: and the elimination of discrimination in respect of employment and occupation.	See 1 above
<input type="checkbox"/>	7: Businesses should support a precautionary approach to environmental challenges;	See Principles 7 below and 1 above (item 2 v – ix)
<input type="checkbox"/>	8: undertake initiatives to promote greater environmental responsibility;	<p>We address our environmental responsibilities from 2 perspectives: our direct impact, and the indirect impact of our lending on the environment.</p> <ul style="list-style-type: none"> i. Group Environmental Forum, overseen by executive, is now well established: accountable for delivering on planned targets and objectives that have been identified from business expectation, market demands and the Group's overall commitment to the planet ii. Group Energy Manager appointed iii. ISO 14001:2004 accreditation now obtained by 1 large building; other large building operations in progress (plan to increase scope of ISO 14001:2004 certified buildings from which operations occur) iv. Group Carbon Footprint Baseline 1 A determined (and third submission to Carbon Disclosure Project completed): Baseline 1 B now in progress v. Formalise policies and procedures around environmental issues vi. Maintain environmental risk policy aligned to requirements of Equator Principles vii. Implemented Environmental Management Systems in some large areas of operations

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		<ul style="list-style-type: none"> viii. Continue to actively address water and electricity use, and waste (various types) output as part of ongoing efforts to reduce, recycle and reuse ix. Conduct staff general awareness, and training x. Raise awareness of trees and environmental issues within communities during motor sport events xi. Target Clean Development Mechanism projects to generate emission reduction credits xii. Updated strategic environmental and social risks (Risk Universe) as applicable and included in monthly and quarterly reporting dashboards xiii. Asset management operations (a UN Principles for Responsible Investment signatory) will be launching a socially responsible investment solution xiv. Asset management conducted environmental, social and governance research on top 40 JSE listed companies, to be extended to research all JSE listed companies xv. Commenced pilot project with Clinton William J. Clinton C40 Partnership for Climate Change Initiative, as part of an Energy Efficiency Building Retrofit Programme for Johannesburg; undertaking 2 pilots in FNB-owned buildings, using an investment grade energy audit to determine the most suitable model for achieving energy savings xvi. This pilot will also allow afford opportunity to learn lessons to develop commercial financial solutions to assist other large building owners to retrofit current buildings and thereby improve energy efficiency xvii. Large head office operations for all major operating divisions/ subsidiaries and some branch retrofitting for energy savings in addition to this programme has commenced
<input type="checkbox"/>	<p>9: and encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Within commercial banking, we are actively looking for financing opportunities into environmentally-friendly energy sources and have identified some new and environmentally friendly methods of generating electricity including gas turbines; solar geysers and heating. We assist these businesses in raising early stage seed funding and in commercial bank funding. We are also introducing these cleaner and more efficient methods of power generation to certain of our clients that consume large amounts of energy, as an additional value-add service. Within our project finance operations, we similarly actively seek opportunities to encourage the development and diffusion of environmentally-friendly technologies.</p> <p>Also see Principle 8 above, items xi and xvi.</p>
<input type="checkbox"/>	<p>10: Businesses should work against all forms of corruption, including extortion and bribery.</p>	<p>For the second year running, at the end of 2007 FirstRand was ranked first in terms of the Deloitte Moneyweb Good Corporate Governance Awards. Internally, staff are encouraged to identify and report criminal activity. One such permanent programme is the staff 'Vow of Vigilance' campaign, rewarding staff with a R1 million annual prize to remain vigilant. Our Group Philosophy, values, Code of Ethics and similar mechanisms are in place to ensure that we continue to operate in an ethical, responsible manner.</p> <p>FNB has launched various initiatives to ensure address the impact of crime in the broader community, and customer and staff safety (refer to detailed report titled "Our Customer" for more information).</p>